BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting   Docket No. RM2020-12
(Proposal Five)

PUBLIC REPRESENTATIVE COMMENTS

(September 8, 2020)

I.   INTRODUCTION

The Public Representative hereby provides comments in response to Commission Order No. 5622.[1] In that order, the Commission established Docket No. RM2020-12 to receive comments from interested persons, including the undersigned Public Representative, that address the Postal Service's petition to change analytical principles related to periodic reporting.[2] The Postal Service filed the Petition pursuant to 39 C.F.R. § 3050.11. Petition, Proposal at 1.

II.   SUMMARY OF PROPOSAL FIVE

In Proposal Five, the Postal Service proposes a change in RPW reporting methodology, specifically for measuring the national totals of non-contract mailpieces in outbound product categories bearing PC Postage indicia from postage evidencing systems. Petition at 1. The proposed methodology would replace the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO) with corresponding census transactional data. *Id.* at 1. The Postal Service asserts that the proposed changes would add another important census source to the revenue, pieces, and weight (RPW) reporting system. *Id.*

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[1] Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Five), August 7, 2020 (Order No. 5622).
[2] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), August 5, 2020 (Petition).

III.   BACKGROUND

Proposal Five would change the RPW reporting methodology "for measuring the national totals of non-contract mailpieces in outbound international product categories bearing PC Postage indicia from postage evidencing systems." *Id.* at 1. Proposal Five would replace the statistical sampling estimates from the SIRVO probability sampling system with corresponding census transactional data. *Id.* at 1. The current methodology of RPW reporting for PC Postage relies on a combination of several census sources and statistical estimates from the SIRVO system. *Id.* at 2.

The Postal Service lists several recent dockets approved by the Commission that made similar replacements of statistical estimates with census data. *Id.* at 1-2. In Docket No. RM2016-7[3], the Commission approved a change to RPW estimates for Outbound First-Class Mail International, Outbound Priority Mail International, First-Class Package International Service, Outbound Direct Sacks (M-bags), and Free Mail which allowed the Postal Service to use detailed data from improved census systems. In Docket No. RM2019-11[4], the Commission approved a similar change to Priority Mail Express International RPW reporting using census data. *Id.*

Postage evidencing systems[5] are used by customers to print evidence that postage has been paid. PC Postage is a third-party vendor software approved by the Postal Service that allows mailers to pay for and print postage using a computer, printer, and internet connection. *Id.* at 2. To indicate postage payment, postage evidencing systems print information based indicia (IBI), which mailers place on a mailpiece or a label affixed to a mailpiece. *Id.* The National Meter Account Tracking System (NMATS) records PC Postage payment transactions. *Id.*

Under the current RPW methodology, the Postal Service uses a combination of several census sources and statistical estimates from the SIRVO probability sampling system. *Id.* The major census sources are PostalOne!, Retail Systems Software (RSS),

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[3] See Docket No. RM2016-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal One), July 17, 2016 (Order No. 3377).
[4] See Docket No. RM2019-11, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Six), October 22, 2019 (Order No. 5280).
[5] Postage evidencing systems consist of postage meters and PC postage products.

Click-N-Ship (CNS), and PC Postage vendor data for NSA's. *Id.* at 3. SIRVO is a probability-based international outbound mail sampling system that supplies official RPW estimates of revenue, volume, and weight for single-piece stamped and metered international outbound mail. *Id.* SIRVO data collectors record indicia including stamps, permit imprint, and IBI[6]. SIRVO data collectors record a PC Postage mailpiece as IBI and indicate the specific PC Postage manufacturer. *Id.* The Postal Service states that the limitations of the current reporting system include unintended errors resulting from fast-paced mail arrival to U.S. International Service Centers along with sampling errors that can occur in statistical sampling systems. *Id.*

The proposed reporting process would switch reporting of PC Postage international outbound non-NSA parcel mail categories from sample data provided by the SIRVO sampling system to census data provided by reports from the Accounting Data Mart (ADM). *Id.* at 4. The PC Postage data includes Priority Mail International parcels and First-Class Package International Service.

The Postal Service attached a public Excel file to the Proposal comparing the FY 2020 Quarter 1-2 RPW report revised to reflect the proposed census data from ADM ("Proposed" column) to the current method using SIRVO data ("Current" column).[7] The Postal Service calculates that, under this proposal, Outbound Priority Mail International mail revenue would increase by $4.5 million (2.3 percent) and volume would decline by 180 thousand pieces; Outbound First-Class mail revenue would decrease by $4.5 million (4.8 percent) and volume by 3.6 million pieces (5.7 percent); Other Outbound International mail revenue would decline by $1.9 million (0.5 percent) and volume would increase by 7 thousand pieces. Attachment A at 1. Total mail revenue would decline by $2.1 million (0.3%) and volume would decline by 3.8 million pieces (2.7%). *Id.*

The Postal Service asserts that the proposed change in methodology will result in improved reporting of PC Postage non-contract revenue and volume both in terms of level and measures of precision. The new system will allow for more granularity in the underlying report data. *Id.* at 6.

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[6] *Id.* at 3. PC Postage is a type of IBI with a two-dimensional barcode that mailers apply to their mailpieces.

[7] *Id.* at 7. The Postal Service has also filed under seal a restricted version of the Excel impact file that disaggregates data pertaining to competitive products (Library Reference USPS-RM2020-12/NP1).

IV.   COMMENTS

Based upon a review of the Postal Service's filing including workpapers filed under seal, the Public Representative finds that Proposal Five improves the accuracy of the Postal Service's reporting. Specifically, the Public Representative finds that the proposed change improves the accuracy of data used to report revenue, pieces, and weight reported quarterly and annually in the RPW report.

Additionally, the Public Representative finds that the Postal Service's proposal to switch from SIRVO sampling system data to corresponding census data will help avoid estimation sampling errors that result from limitations in the current system. The Postal Service demonstrates through its supporting Excel file how the proposal will affect the quarterly RPW reporting. Furthermore, the proposed changes provide continued improvement to the quality of RPW reporting and are in line with changes approved by the Commission in prior dockets.

For the reasons discussed above, the Public Representative supports Proposal Five and recommends its approval. The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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